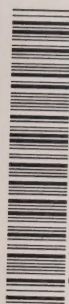


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ONTARIO ECONOMIC COUNCIL

ANNUAL REPORT
1980



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Ontario Economic Council

ANNUAL REPORT

Report of the Chairman

1980

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81 Wellesley Street East
Toronto, Ontario
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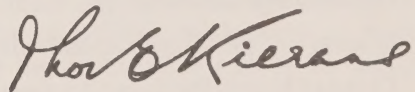
November, 1980

Honourable Frank W. Miller,
Treasurer of Ontario and
Minister of Economics,
The Frost Building South,
Queen's Park,
Toronto, Ontario

Dear Mr. Miller

I have the honour to transmit herewith my statement on the activities of the Ontario Economic Council for the two year period ending March 31, 1980.

Sincerely,

A handwritten signature in dark ink, reading "T. E. Kierans". The signature is written in a cursive style with a large, stylized "K" and a long, sweeping underline.

T. E. Kierans
Chairman

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INTRODUCTION

The activities of the Ontario Economic Council during the two years under review reflect a continuing concern for the optimum development of the human and material resources of Ontario and the advancement of all sectors of the province. To this end the Council has furthered its earlier work in the fields of health, social security, urban affairs, education, manpower and government regulation. The details of these activities are reviewed below.

With the additional results of research undertaken by the Council and others in these areas, the Council published a policy position paper entitled *Issues and Alternatives: Update 1979*. This paper formed the basis of our Outlook and Issues Conference held in Toronto on 2 April, 1979.

As well, in recognition of the growing interdependence of the national and international communities, and the influence which developments both at home and abroad have on the province's economy, the Council has undertaken substantial new work in the areas of fiscal policy, trade policy, energy and intraprovincial industrial strategy.

Severe regional imbalances, particularly as they relate to energy and manufacturing, persistent inflation and unemployment, and declining productivity are among the complex domestic policy issues affecting all sectors of the economy and the standard of living of every Canadian. Similarly, Ontario and Canada are more exposed than most economies to international economic developments: to tariff wars or efforts to scale down tariffs as in the GATT negotiations; to cycles of prosperity and depression in the economies of our trading partners; to increasing competition from less developed economies and to the disturbances that now affect foreign exchange and international capital markets. The formulation of policies appropriate to these developments requires careful analysis of the problems as well as the policy alternatives for dealing with them.

As part of its efforts to provide indepth analysis and discussion of these issues the Council sponsored a conference entitled Canada's Energy Problems: An Agenda for Action on 27 and 28 September, 1979. The papers and proceedings of the conference were published in two volumes following the conference. On the basis of these analyses and subsequent discussions, the Council has published a policy position paper entitled, *Issues and Alternatives: Policies for Ontario's Energy Problem*.

On 3 and 4 June, 1980 the Council sponsored a conference entitled Developments Abroad and the Domestic Economy which addressed itself to the problems of adjustment in the domestic economy to international economic developments. The papers and proceedings of this conference have now been published.

The Council's mandate, as it is set down in legislation, is at least two-fold. On the one hand it is the duty of the Council "to advise and make recommendations" to the government on the basis of the research it has commissioned and other analyses available. The Council fulfills this function through the preparation of position papers on a wide range of matters and through ongoing discussions with officials at all levels.

On the other hand, the Council has the responsibility to "create an awareness and public understanding of provincial socio-economic issues." It does so by making available to the public the results of its research as well as by holding seminars and conferences which are open to the public.

The conduct of responsible research depends ultimately on the degree of independence which the Council enjoys. The Council cherishes its independence and endeavours to live up to the obligations which such autonomy entails through the pursuit of objectivity, comprehensiveness and integrity of research.

Finally, the Council is not a monolithic body. Its members range over a wide spectrum in philosophical attitudes and political judgements. The common factor consists in its desire 'to be guided by the evidence' and its concern to have the traditional values of equity and efficiency serve as the twin bases of public decisions. The Council values highly the diversity of opinions which are represented within Council as well as the frank exchange of views between the Council and the community at large.

In submitting my first report as Chairman of the Council I wish to acknowledge a debt of gratitude to the former Chairman, Dr. Grant L. Reuber, and to other members of Council who have recently retired. The support and conscientious efforts of the members of the Council, the staff and the individuals who have undertaken research under the Council's auspices are also deeply appreciated.

Completed Research Studies and Research Projects in Progress

Completed Research Studies

A number of research reports were published this year either in the form of research studies published by the University of Toronto Press or in the form of occasional or discussion papers. In addition, at the time of writing this report, a number of studies were in press.

PUBLISHED RESEARCH STUDIES

Measuring Health: lessons for Ontario
A.J. Culyer

Planning and evaluating any health care program is a formidable task: how do you measure the health of a population? This fundamental question has been approached from various perspectives in medical, administrative, and economic studies. This book provides a guide to health measurement literature and relates it to Ontario's current and prospective policy choices and to the federal context of health indicator development. Professor Culyer applies various social indicators and indices to existing statistics in Ontario in a country-by-country survey of the province's health care. He also outlines the kinds of information essential to health assessment but not currently available.

The book as a whole emphasizes the importance of health care measurement in the humane and efficient planning of health services. It will be of interest to all concerned with the practice of medicine in the 1980s and the planning of health services at the federal and provincial levels, as well as to those with a special interest in health from the economic, political, and sociological perspectives.

Fiscal Transfer Pricing in Multinational Corporations
G.D. Quirin and G.F. Mathewson

This is an examination of transfer-pricing decisions involving movements of unmarketed goods and services between corporate affiliates in two or more countries. It examines conditions under which such prices will diverge from prices which would emerge in transactions between arm's-length firms. It also studies what effect the opportunity to manipulate transfer prices may have on the allocation of resources within a country and on the location of production

and employment between countries. In addition it examines the impact of transfer pricing on tax or tariff revenues. Constraints on transfer pricing in Canada, the United States, the EEC, and certain other countries are examined to determine the extent to which they modify behaviour in this regard. Because information on transfer pricing tends to come to light only as a consequence of litigation, it is impossible to obtain data representative of normal practice in this matter. The study is based on numerical solutions to a series of models, the parameters of which are varied in such a way as to cover the range of likely cases.

Housing Programs and Income Distribution in Ontario

G.B. Fallis

This study examines the impact of the housing-related activities of the federal and provincial governments on the distribution of income in Ontario. Particular attention is paid to those programs which directly subsidize households and suppliers, and to subsidies inherent in the income tax system. Emphasis is placed on identifying the beneficiaries by age, family size, and income and on measuring the benefits simply as the difference between the market value of the services received and the payments made by beneficiaries. The analysis uses data supplied by the agencies responsible for the programs and data in the 1971 Survey of Consumer Finances.

In light of this analysis, there is a discussion of alternative programs which might better achieve policy goals.

Economic Analysis of Provincial Land Use Policies in Ontario

M.W. Frankena and D.T. Scheffman

This study provides an economic analysis and evaluation of the increasingly important role being played by the Ontario provincial government in planning and controlling regional land use. The focus of the study is on provincial planning and land use control in the Toronto-Centred Region (TCR), particularly regulation of the conversion of rural land, creation of greenbelts, and attempts to change the size and spatial distribution of urban areas in the TCR.

The research is directed to answering three questions:

- (a) What is the economic rationale, if any, for provincial intervention in the determination of regional land use and location patterns?
- (b) What sort of provincial policies would produce an efficient allocation of resources?
- (c) What do the existing and evolving provincial policies purport to do, what will they actually do, and what are their benefits and costs?

The study includes a detailed empirical analysis of the rate of conversion of rural land in the TCR and an empirical study of the demand for residential land and the effect of provincial planning on residential lot prices.

Opting Out of Medicare: private medical markets within the Ontario program
A.D. Wolfson and C.J. Tuohy

The study examines empirically the behaviour of opted-out and opted-in Ontario physicians in terms of levels of services provided, the mix of services, their use of other health resources, cost per patient, encounters per patient, characteristics of physicians in terms of sex, date or place of graduation, practice-type, and so on. The study presents the 'political economy' of direct-billing and attempts to analyse the economic, political, social, and medical forces at work in determining the performance of this 'private' sector in the health care system of Ontario. Much of the relevant data have been collected through a survey of Ontario physicians. Some supplementary information was obtained from the Ministry of Health as well as from the medical associations. The policy implications of the results in light of the recent increase in the number of opted-out physicians in Ontario are discussed.

Youth Unemployment and Labour Force Behaviour
F.T. Denton, A.L. Robb, and B.G. Spencer

This study analyses intensively the nature and extent of unemployment and labour force activity of people under the age of 25 in Canada generally and in Ontario. Special attention is given to changes that have occurred in the levels and distributions of unemployment and labour force in this group, including longer-run trends 'cyclical' variations, and shifts in seasonal patterns. Newly available micro-data are used to analyse the characteristics of the young unemployed and labour force in recent years and to relate the probabilities of being unemployed and of labour force participation to demographic, educational, occupational, and other characteristics of individuals. An attempt is made to assess the economic 'welfare' costs of youth unemployment.

PUBLISHED OCCASIONAL PAPERS

Input-Output Analyses of Fiscal Policy in Ontario
R.W. Boadway, A.A. Kubursi, and J.M. Treddenick
Edited by J. Bossons

Because of the diversity of effects of government policy, it is desirable to be able to obtain disaggregated analyses of changes in government fiscal policy. Input-output models provide a technique for making such disaggregated analysis; such models are being increasingly used for this purpose.

A description of the nature of input-output models, together with an evaluation of their values and limitations, is provided in an introductory essay

by Bossons. The remainder of the study contains several important extensions of input-output data which are required for analyses of the disaggregated effects of Ontario fiscal policy. These include the construction of detailed estimates of trade flows between Ontario and the rest of Canada by Boadway and Treddenick, estimation of the industrial composition of different components of government expenditures by Kubursi, and estimation of the regional distribution of the value-added and wage bills of each industry, also by Kubursi.

The papers in this study rest on assumptions which are necessarily restrictive; their conclusions hence should be regarded as first approximations. Nevertheless, the conclusions are provocative and should motivate further work aimed at creating an improved data base with which more accurate disaggregated policy models can be constructed.

The Market for New Housing in the Metropolitan Toronto Area
R.A. Muller

This is a study of the industrial organization of the market for new housing in the Metropolitan Toronto Area, defined for statistical purposes as the Toronto Census Metropolitan Area. The project is designed to describe and document the operation of the market with particular attention to the supply of new housing. Special attention is given to the degree of market power available to large developers and the extent of supply constraints in the provision of serviced land. The conduct of firms and the performance of the market are evaluated, and implications for public policy are discussed.

The study draws on previous research, on interviews with developers and planners, and on the records of the Ministry of Housing. It concludes that concentration in the development of housing is low, that there is no evidence of collusion among firms, but that the timing of land development may be affected by the size of the company's holdings. There is evidence of substantial delay in the process of approving new residential developments.

The Income Distribution Effect of Medical Insurance in Ontario
P. Manga

This study investigates the distribution of the costs of Ontario's medical insurance plan by income class. The study also attempts to analyse the distributional effect by using important sociodemographic characteristics of the population (i.e. geographic location, age, and family size).

The major difficulty faced in the estimation of benefit incidence, where by 'benefit' is meant the value of services at current prices, costs, or fees, is the absence of the required data base. Thus a survey has been undertaken to develop a micro-data base incorporating important sociodemographic and income information, and some pertinent health-related data on a sample of

OHIP families. The survey data are merged with the utilization records of the Ministry of Health to generate the complete base for the estimation of benefit incidence and for investigation of the determinants of health-care utilization in Ontario.

*Who Benefits from the Ontario University System:
a benefit-cost analysis*

O. Mehmet

This study tests empirically the hypothesis that university education in Ontario is regressive (pro-rich) reflecting unequal access by the relatively poor socio-economic groups in the creation of human capital undertaken in the universities. The study is an application of the standard Human Capital Theory within a benefit-cost framework. A unique feature of the benefit-cost model is that benefits and costs of university education are measured from the standpoint of specific income-groups (i.e groups of parents) rather than an individual investor. The central reference group is the full-time male graduates of bachelor degree programs completing their studies in Spring 1974.

Financial Markets and Foreign Ownership
J.C. Pattison

This study examines the financial factors which have influenced the changing levels of foreign control. First, the adequacy of aggregate domestic savings is examined, and the role of monetary and fiscal policy is explored. Second, general trends in the flow of funds in Canada are examined to show the origin and disposition of funds among deficit and surplus sectors. A discussion and brief analysis of the complex regulation of financial markets and the institutionalization of savings with reference to foreign ownership leads to a consideration of bank lending, equity markets, and underwriting.

The study examines the over-all implications of the foreign control question and makes suggestions for provincial and federal policy and the coordination of such policy.

*The Administrative Cost of Income Security Programs:
Ontario and Canada*
M. Mendelson

This study investigates the change in costs of administration of six income security programs in Canada and Ontario from 1961 to the present. This is of particular interest currently since many proposals for reform of income security programs, in particular guaranteed income plans, contain an implicit

assumption that savings in administration may be large enough to offset much of the increased program costs. While there has been a great deal of recent theoretical work concerning the growth of government, there has been very little detailed empirical analysis of the actual nature of that growth. The distinction presented in this study between administrative and program cost may help shed some light on such theories.

There are two specific questions addressed: (a) Have individual income security programs tended towards greater or lesser administrative cost per case? (b) Is the percentage of administrative costs to total benefits paid to recipients large enough to allow any significant savings in the overall bill?

On the federal level, the programs discussed are Unemployment Insurance, the combined Old Age Programs and the Family Allowances. The provincial programs analysed are Provincial Allowances, Municipal Allowances, and Workmen's Compensation.

Controlling Health Care Costs by Direct Charges to Patients: snare or delusion?

M.L. Barer, R.G. Evans, and G.L. Stoddart

The project develops a taxonomy of different types of proposals for point-of-service charges or other utilization-related charges to patients. It specifies the assumptions about the health care industry which are necessary to predict the impact of these proposals. Drawing on empirical and other information, it assesses the plausibility and consistency of these assumptions and evaluates the probable effects of patient participation on levels and patterns of utilization and costs of health care. Amongst the schemes considered are deductibles, coinsurance, the Ontario Economic Council's income tax linked scheme, and major-risk insurance. This analysis allows identification of a set of preconditions which, if satisfied, permit the attainment of identified objectives through the policy of direct charges. A limited number of proposals or programs which do or could incorporate such conditions are discussed.

PUBLISHED DISCUSSION PAPERS

The Northern Dilemma: public policy and post-secondary education in northern Ontario

D.M. Cameron

This paper examines the case for and against the differential treatment of post-secondary education in northern Ontario, ascertains the present degree of differential treatment, and examines the effectiveness of both actual and desirable differential treatment. Information has been derived from interviews with university and college officials and from provincial documentary and data sources.

The study contains recommendations relating to the structure, organization, and financing of post-secondary education in northern Ontario.

Issues in Intergovernmental Relations

This paper contains the edited transcript of an address on Intergovernmental Relations as well as the discussion presented to an "Outlook and Issues" seminar sponsored by the Council and held at Kingston in October, 1977. It focuses on some problems of Canadian federalism and its implications.

Reforming Planning in Ontario: strengthening the municipal role

J. Bossons

This report reviews and analyses the policy proposals of the Committee on the Review of the Planning Act (Comay Report) and of the Robarts Commission on Metropolitan Toronto insofar as they relate to planning procedures. It also analyses in depth the proposals relating to the role of official plans, to the role of the Ontario Municipal Board, to approval procedures, and to the broadening of land use controls.

Public Policy and Future Population in Ontario

D.K. Foot

This paper investigates the demographic profile of the Ontario population to the year 2001 and its implications for public policy. A series of age-sex population projections are developed and two components, working age population and dependent population, are singled out. The ratio of the two indicates how many working age people there are for each dependent person in Ontario. Demographic factors are expected to influence both the expenditure and the revenue side of the government budget as well as the pattern of intergovernmental transfers. The author provides significant insights about how public policy will be challenged by demographic changes in the future.

The Elimination of Mandatory Retirement: an economic perspective on the current debate.

J.E. Pesando

This paper sets out and evaluates economic aspects of the current debate over abolition of mandatory retirement. The issues discussed include the question of demand by individuals for mandatory retirement, impact on the mobility of the aged, cost to employers, effect on pension plans, and repercussions for entrants to the labour force.

Class Actions as a Regulatory Instrument

D.N. Dewees, J.R.S. Prichard, and M.J. Trebilcock

This study identifies the economic issues involved in using class actions to deter wrongful behaviour. It deals with the relationship between procedural and substantive law, the choice between public and private law enforcement, the optimal degree of deterrence of wrongful activity, and the effect of various cost and fee rules on the use that would be made of class actions. It is shown that to encourage a significant deterrent effect it is necessary to modify not only the current Ontario rules as to who bears the legal costs of a proceeding but also to change fundamentally the way in which lawyers' fees are determined.

Nuclear Power at Ontario Hydro: a case study of technological innovation

F. Tapon and T.J. Osborn

This paper complements Kotowitz, *Industrial Structure, Regulation and the Rate of Innovation*, by examining whether and how the method of ownership of a utility—public or private—and the associated regulatory instruments influence the adoption of new innovations. Whereas Kotowitz considers the private competitive sector of the economy, this study examines a regulated monopoly. Since any monopolistic industry has a very different regulatory environment than a non-monopolistic industry, the problems involved in achieving an optimal rate of implementation of innovation are unique. The diffusion of nuclear technology is used to illustrate how public ownership and direct regulation bias the implementation of innovation, requiring a corrective policy response.

Ten Markets or One? Regional Barriers to Economic Activity in Canada

A.E. Safarian

This paper examines some of the ways in which regulatory and fiscal measures exercised by federal and provincial governments impede the movement of goods, labour and capital in Canada and outlines the policy choices which the country faces in dealing with these issues. It contends that the trend towards decentralization in Confederation has fragmented the Canadian domestic market and weakened Canada's ability to deal with other nations.

MANUSCRIPTS IN PRESS

Emerging Issues and Alternatives in Skilled Manpower Training *Skilled Manpower Training*

This volume brings together the papers and discussion presented at a seminar sponsored by the Council on the supply of skilled manpower in the province.

The question considered by the seminar was the shortage of certain skilled trades amid wide unemployment. Invited papers cover issues in vocational training, employer-sponsored training, educational leave, vocational training for women, and the role of high schools and community colleges in providing training.

Publication: January 1981

Community Health Centres and Hospital Costs in Ontario

M.L. Barer

This study develops a methodology for estimating the marginal costs of diagnosis-specific hospital cases. These costs, when combined with hospital utilization data reported in studies of community health centre subscribers and matched, non-centre, populations, allow a determination of the expenditure implications of such utilization data.

The method employed to derive marginal case costs involves the specification and estimation of a hospital cost equation relating average cost per case to various hospital-specific factors. A comparative static determination of the implications of changes in case mix on average costs provides the marginal cost estimates.

Publication: December 1980

Distribution of Income and Wealth: theory and evidence for Ontario

C.M. Beach

This study synthesizes current work on the theory of size distribution of income and applies the theory to income and wealth distribution in Ontario. Beginning with the distribution of income, the study constructs a more accurate estimate of the distribution of economic well-being through a series of adjustments for factors such as age and wealth. This involves a review of the asset and net worth position of different income groups, as well as the effect of life cycle upon measured inequality. The study points to many theoretical and empirical issues that should form the basis for informed public discussion of income distribution questions in Ontario and Canada.

Publication: December 1980

Research Projects in Progress

1. Education and Manpower

Wage Determination in the Ontario Public Sector: 1966-77

D.A.L. Auld and D.A. Wilton

This study analyses the determinants of wage settlements in the aggregate Ontario public sector and in four specific subsectors, education, health, and provincial and local government. It also addresses the question of interdependence of public and private sector wage determination and the impact of the Anti-Inflation Board. An econometric model of wage determination is developed, and a set of hypotheses is empirically tested using contract data. Of particular interest are three findings: first, the AIB was effective in dampening wage growth; second, no significant spillover patterns between the Ontario public and private sectors were uncovered; and, third, labour market variables are significant determinants of wage growth in the Ontario public sector.

An Econometric Model of the Ontario Labour Market

A. Belessiotis

This study analyses the empirical dimensions of a model of the labour market in Ontario. An econometric model is developed and factor demand as well as factor (and in particular labour) supply functions are estimated on empirical data for the period since the second world war. Specific questions related to substitutability of factors from the production side are addressed, and the impact of a variety of policies affecting both the demand and the supply side of the labour market are investigated. This is of particular interest in light of a series of schemes (wage subsidies, employment tax credit, etc.) directed towards increasing employment in the private sector. To assess the impact of such schemes, some simulations will be considered.

The Extent and Cost of Strikes in Canadian Manufacturing

M.W Reder and G.R. Neumann

The objective of this study is to predict the occurrence and estimate the cost of strikes (and/or lockouts) in various manufacturing industries, to workers, employers, and users of the industry's output. The cost of strikes reduces resource productivity. Since the level of strike activity is influenced by legal institutions, measures of their cost are important for the design of legislation on labour-management relations.

*An Economic Analysis of Labour Market Shortages:
the case of tool and die makers in Ontario*
N.M. Meltz

In spite of continuing high unemployment in Ontario, demand has exceeded supply in a few occupations and particularly this one, and this imbalance has persisted over a period of time. Apparently the labour market for these occupations has not been in equilibrium and has failed to produce a clearing solution. This study attempts to provide a diagnosis, analyses informational aspects and related factors that affect demand and supply, and derives conclusions regarding policy intervention to correct such imbalances.

Manpower Policy in Ontario

D.A. Dawson, F.T. Denton, A.L. Robb, and B.G. Spencer

The study deals with (provincial and federal) manpower policies in Ontario. Its major goal is to picture the scope of current programs, their implications for the economy, the relationships among them, and their effectiveness in order to estimate long-run effects of the development and availability of human capital.

2. **Health**

Future Elderly Ontarians: can we afford them?

M.J. Gross and C.W. Schwenger

This study focuses on the present and future requirements and expenditures for health services to the aged in Ontario. Its basic tenet is that to deal effectively with elderly health care what is needed is a 'gerontological' rather than a 'geriatric' approach. The statistics available for the year 1976 have been collected, and projections of future utilization and costs have been made ten, twenty-five and fifty years forward for the 'young-old' (65-74), the 'middle-old' (75-84), and the 'old-old' (85+). The present cost and utilization of institutional and other major health services to the aged are estimated, and future service and fiscal requirements are forecast. Inefficiencies in the institutional care of the elderly are probed, with excessive institutionalization receiving special emphasis, and alternatives to institutional care examined. The elderly themselves are asked their opinions on their own health and the health care system as it affects them. Policy implications of the cost and utilization projections are discussed.

A Benefit Incidence Analysis of the Hospital Insurance Program in Ontario

P. Manga and M.L. Barer

This companion project to *The Income Distribution Effects of Medical Insurance in Ontario* looks at the distribution of OHIP benefits. The factors underlying hospital utilization in Ontario are also assessed, with particular attention being paid to differential determinants by income class. Finally, the implications of the above analysis for current and prospective health policy programs are considered.

3. Social Security

Disability Insurance: an economic analysis

S.A. Rea, jr.

This paper considers whether, and if so how, current provisions for disability insurance can be improved. In addition to reviewing previous work in this area, the study provides a rigorous economic analysis of the operation of markets for disability insurance as applied to the place of work, adduces recent theoretical research on imperfect information in insurance markets to evaluate private disability insurance, and presents a legal and economic analysis of alternative liability rules and compensation systems within the Canadian institutional framework.

User Charges in the Social Services

M. Krashinsky

This study attempts to answer the following questions: (a) Under what circumstances are varying types of user charges (full cost, less than full cost) appropriate? (b) When less than full-cost user charges are appropriate, how are they to be integrated across various services and with the general welfare system? Also, how are work incentives to be retained? (c) What user charges are currently in use in Ontario, and what changes might be envisioned? (d) How would the recommended changes alter the welfare of various recipients in Ontario? (e) How would the cost to taxpayers change?

4. Urban Affairs

Municipal Fiscal Reform in Ontario

J. Bossons, M. Denny, and N.E. Slack

This study consists of three papers. Denny discusses a number of important issues in the property tax reform debate, including the notion of

equity and the long-run allocative consequences of tax reform. He also discusses problems with implementing market value assessment and makes some recommendations regarding property tax reform.

Bossons questions the assumption that property taxes must be proportional to market value assessment. He provides a comprehensive discussion of the nature and determination of equity and makes a number of suggestions for reform of property taxes.

Slack evaluates the current provincial-municipal grant structure in Ontario and analyses recommendations put forward by the Provincial-Municipal Grants Reform Committee. The justification for grants is considered as is the budgetary response of local government to these grants. The important interrelationship between property taxes and grants is recognized.

Urban Transportation Financing in Ontario

M.W. Frankena

This study provides an economic analysis of urban transportation financing in Ontario. It evaluates resource allocation and income distribution effects of both pricing and subsidy policies for automobiles and public transit. Several sets of alternative policies, including existing policies in Ontario, are examined.

Rent Control and Options for Decontrol

R. Arnott

The principal aim of this study is to evaluate rent controls in Ontario and make suggestions for decontrol. The first part of the research report will, on the basis of previous analyses of rent control, outline the probable harmful effects of maintaining the current controls and will argue for decontrol. In light of the decontrol experience of other jurisdictions, the second part will then propose a decontrol strategy for Ontario.

The Impact of Rising Energy Costs on Urban Structure

J.R. Melvin and D.T. Scheffman

This study addresses two basic issues. First, it analyses the likely effects of increased energy costs on the structure of cities, how fast and in what form urban structure would react to increased energy costs, and the potential provincial policy instruments which could increase economic efficiency. Secondly, the study will look at the effects of the likely responses of urban structure to energy cost increases on the demand for energy.

An Economic Analysis of Housing Allowances

M. Steele

The purpose of this study is to provide an economic analysis of shelter allowances considering the effects on consumer choice, the supply response and price, rent and output effects. In addition, the study will consider how such a scheme can be administered and how it can be integrated with other housing and income security programs.

5. **Government Regulation**

Crown Corporations in Ontario (a study in three parts)

Part 1: A Positive Theory of Public Enterprise

T.E. Borcharding

This study investigates why governments choose to organize some activities publicly rather than contracting them out to the private sector. The first question asked is why and how government enterprise differs from private sector supply behaviour. The main question then is: why public enterprise? The latter question can be answered in terms of both the public interest and redistribution in the interest of political coalitions. This study attempts to add to an understanding of why public enterprise exists, because until an adequate (operationally testable) theory of government enterprise is developed, suggestions of institutional alterations and reform will be premature.

Part 2: Crown Corporations: issues of institutional design and accountability

M.J. Trebilcock and J.R.S. Prichard

Crown corporations have often been used by both federal and provincial governments as vehicles for public ownership and management of productive resources. The critical question is how government can ensure that the intended policy objectives of a crown corporation continue to be met. The large number of widely different policy objectives commonly assigned to crown corporations greatly complicates institutional design and accountability. Some crown corporations are intended essentially as non-profit arms of the government providing public goods or services on a non-commercial basis; others operate in a commercial environment, often competing with other private sector companies, and may be intended to make a profit. Issues consequently arise concerning independence of decision-making from the government of the day, the appropriate ground-rules on which publicly and privately owned corporations should be competing with each other, and the differences in the applicability of regulatory regimes between public and private corporations in the same sector. The focus is on Ontario crown corporations.

Part 3: *Organizational Goals and Performance in Public Enterprise: a case study of Gray Coach Limited*

J.P. Palmer and J.J. Quinn

Recent developments in economic theory have seriously undercut the traditional 'market failure' view of government intervention, which assumes, first, that public enterprise is put in place when political decision-makers move to correct imperfections in the market system (e.g. public goods, natural monopoly, etc.) and, second, that the form of enterprise ownership has a profound impact on performance. The general belief is that private concerns tend to operate more efficiently than their public counterparts. The new theory, asserting that competing interest groups attempt to alter market processes to redistribute wealth for their own benefit, suggests that government intervention through public ownership will be pursued to maximize voter support of political decision-makers. Much of the purported inefficiency of publicly owned firms, the new theory suggests, is linked to the use of public enterprise as a vehicle for the redistribution of wealth within a political constituency.

This study examines one public enterprise, Gray Coach Limited, to gain a better understanding of the values that public managers and political decision-makers seek to maximize.

An Economic Analysis of Social Regulation in Ontario

E. Appelbaum and D.T. Scheffman

One of the most striking aspects of the post-war evolution of institutions in Canada has been the marked increase in regulatory powers and activity of the various levels of government. In the economic sphere, along with the trend of increasing 'traditional' regulation (i.e. the regulation of price, quantity, and profitability at the firm or industry level), there has been a burgeoning of the 'social' regulation of economic activity (i.e. the regulation of the 'quality' attributes of a firm's or industry's output). This study undertakes a policy-oriented theoretical analysis of the economics of social regulation and then describes the level and trend of social regulation in Ontario, using a case study.

Municipal Licensing: regulation in search of a rationale

J. Bossons and S.M. Makuch

This study examines municipal licensing in Ontario to discover whether the stated purposes of municipal regulation are being achieved. The study complements Appelbaum and Scheffman, *An Economic Analysis of Social Regulation in Ontario*, which provides an integrated theoretical analysis of regulation with which the theory of municipal licensing developed here can be compared. In addition, this study is intended to estab-

lish criteria for judging the pending Ontario legislation on municipal licensing reform.

Market Failure and Life Insurance

G.F. Mathewson

This study identifies the nature and source of market failure in the Canadian life insurance industry and examines the adequacy of current regulatory practices in improving market performance. It examines the impact of regulation of pricing and marketing on the production and sale of life insurance products. Several relevant features of the life insurance market are considered: in view of the high policy lapse rates, how well the current regulated agency system serves consumer and industry interests; why both joint stock companies owned by conventional shareholders and mutual companies owned by policy-holders exist in this industry and why there is a trend towards increased mutualization; and in view of the industry's high degree of concentration, whether economies of size give special advantages to large firms.

Pricing of Brokerage Services in a Regulated Market

J.D. Todd

This project assesses the costs and benefits of a move from fixed to competitive brokerage fees in Ontario, identifying the potential gainers and losers. It considers both the direct effects on the structure of the brokerage industry and the indirect effects on the efficiency of the capital market. The trading, research, and underwriting functions of the industry's operations are described, accompanied by models of the processes involved. The Canadian (especially Ontario) capital market is examined, emphasizing the effect of transaction costs on its efficient operation. Of special interest are the several Canadian deviations from the theoretically 'perfect' capital market. Finally, the implications of a move to competitive brokerage commission rates in the Ontario context are evaluated.

Municipal Transportation Regulation

J.P. Palmer

This study is divided into five parts. The first evaluates the public justifications of regulating the cartage and taxi industries. The second considers why regulations differ from city to city and from industry to industry and includes a theoretical model of endogenous regulation as well as a case-by-case discussion of different political climates and lobbying strengths.

The third part presents empirical results on the different structures and regulatory climates in the two industries. The fourth part develops theoretical industry models intended to overcome the more serious inadequacies of previous models, the ultimate goal being an integrated model capable of describing both industries. The final section presents the conclusions, and makes several policy recommendations; also included is a discussion of the problem of deregulation where that would impose capital losses on current licence owners.

Industrial Structure, Regulation, and the Rate of Innovation
Y. Kotowitz

The bulk of industrial R & D in Canada constitutes investment in the implementation rather than the discovery of new technology. The bulk of research, however, constitutes studies of how public policies affect the rate of technological discovery rather than its implementation. This study is intended to reduce this discrepancy. It evaluates the effects of market structure on the rate of implementation of innovation under the Canadian patent system. Aspects of market structure considered include rivalry and jointness of production and innovation. These factors are related to antitrust and regulatory policies to evaluate their effectiveness in enhancing or discouraging implementation of new technology.

Resource Taxation as a Regulatory Instrument
M. Chandler and J.D. Todd

Determining resource taxation policy would be a straightforward task if there were a single underlying principle or objective. Unfortunately, several conflicting policy principles simultaneously influence resource taxation decisions. This study identifies the primary policy principles and indicates the conditions under which specific principles dominate, in an attempt to explain the evolution of Ontario's resource taxation policy. The approach is based on the view that the static policy prescriptions currently found in the literature are incomplete and a dynamic policy is required to fulfil constantly changing policy priorities and social objectives.

6. Macroeconomic Policy

Trade Union Membership in Canada: an empirical analysis by regions
A. Belessiotis

The size of trade union membership is an important determinant of the impact of unionism on an economy. Past research has analysed aggregate

time series of union membership growth in Canada and has identified some key independent variables of its profile. Given the significance of labour legislation in this regard, and the fact that labour legislation varies across provinces, this paper analyses disaggregated data for five Canadian regions to investigate two questions: whether the results of the aggregate analysis resemble the results from disaggregated data, and whether there are substantial differences in the determination of union membership growth across regions.

Real Wages and Employment in Canadian Manufacturing: a time series analysis

J. Kennan

This paper analyses the relationship between real wages and employment in Canadian manufacturing using monthly data for the period 1961-77. Using a version of the Pierce-Hough technique for assessing relationships between time series, it investigates whether the substantial employment effects arising from minimum wages, payroll taxes, and so on found in U.S. studies hold in the Canadian context. Although the relationship between real wages and employment in Canada and the United States is similar, a large negative long-run elasticity of employment with respect to real wages did not emerge from the Canadian data. Further study is needed to explain this apparent contrast between Canada and the United States.

Two-Sector Models of Inflation and Recession: a theory and some empirical tests

J.B. Burbidge and A.V. Harrison

Using Canadian data this paper analyses two hypotheses about the impact of external supply shocks (such as a rise in import prices) on the level of prices and unemployment. Canada is widely considered to be a typical small open economy acting as a price-taker in international markets. The two hypotheses tested are that external supply shocks that affect prices and employment will also influence real wages and output and that monetary validation is necessary to avoid excessive unemployment; the alternative view suggests that, as long as there is no increase in the rate of growth of the money supply, external supply shocks simply cause a change in relative prices but leave the price level unaffected. The authors test for various casual relationships implied by each hypothesis. The theoretical model used is a two-sector model with two variants, one corresponding to each hypothesis.

7. General

Industrial Location and Trade in Ontario

J.R. Williams

This study is an empirical application of Central Place theory and the Heckscher-Ohlin model of trade. Central Place theory allows predictions about the location of economic activity, which is determined by transportation costs and scale economies; differentiation in production arises because of size differences in Central Places. The Heckscher-Ohlin model on the other hand predicts that resource endowments are the principal determinants of trade. Ontario data are used to present an integration of the two models in an empirical study, and such issues as the relationship between the level of processing in production, the location of processing, and the potential for generating employment through extension of processing are discussed.

Organization and Activities

Outlook and Issues '79 Conference

On Monday, 2 April 1979, the Council held its fifth annual Outlook and Issues Conference at The Prince Hotel in Toronto. The Conference was attended by some 270 prominent businessmen, government officials, labour leaders, academics, and members of the news media and the public. The opening remarks were by Arthur Okun, former chairman, Council of Economic Advisors, on 'Political Economy: the lessons of the seventies.' The remainder of the morning was occupied by a panel session on 'Full Employment Budgeting: are government deficits too large?' moderated by W. Darcy McKeough. At luncheon Arthur Laffer, general partner, H.C. Wainwright & Co. Economics, of Boston and professor of economics at the University of Southern California, gave an address on 'Taxation and the Robin Hood Theorems.'

The afternoon's activities began with Grant L. Reuber, past chairman of the Council and senior vice-president and chief economist of the Bank of Montreal, speaking on public expenditures in the areas of education, health, housing, and social security. These topics were then discussed at four concurrent panel sessions, background being provided by the Council's publication *Issues and Alternatives: Update 1979*. The issues raised were examined by panelists from business, finance, industry, and labour, as well as by legislators and academics, with audience participation.

A plenary session followed on an 'Analysis of Labour Market Problems,' moderated by Clifford S. Pilkey, president of the Ontario Federation of Labour.

Robert Solomon, for many years the Federal Reserve Board's top international economist, addressed the closing dinner on 'Current Issues in the International Economy.'

Outlook and Issues Seminars

The Council, as part of its mandate, sponsored two half-day seminars during 1978-79. The topics discussed in Sudbury on 6 November included 'The Problems of Post-Secondary Education in the North' and 'The Outlook for the Mining Industry in Ontario'. The subjects for discussion were 'The Ontario Economic Outlook for the Next Decade' and 'Property Tax Reform in Ontario: alive or dead?' on 20 November at Kitchener/Waterloo. The topics were discussed by panelists, followed by audience participation.

Seminar on Emerging Issues and Alternatives in Skilled Manpower Training

On 17 and 18 September 1978 the Council sponsored a seminar on 'Emerging Issues and Alternatives in Skilled Manpower Training'. The papers dealt with issues in vocational training, employer-sponsored training, the role of high schools and community colleges in vocational training, vocational training for women, and educational leave. The papers and an edited transcript of the proceedings are to be published by the Council.

Canada's Energy Problems: An Agenda for Action

On 27 and 28 September, 1979 the Council sponsored a special conference dealing with Ontario's and Canada's energy problems at the Four Seasons Hotel in Toronto. Professor Thomas A. Wilson, Department of Political Economy, University of Toronto delivered the opening remarks on 'Energy Policy: Overview and Macroeconomic Implications.'

Professors Leonard Waverman, University of Toronto; John Helliwell, University of British Columbia; T.J. Courchene, University of Western Ontario; and J.L. Powrie, B.W. Wilkinson and B.L. Scarfe, University of Alberta, presented papers on a variety of topics including pricing, taxation, export policy, equalization payments, recycling and public financing.

Mr. Peter A. Campbell of Wood Gundy Limited and Professor Douglas G. Hartle of the University of Toronto prepared background papers for the conference on 'Financial Intermediation and Recycling' and 'Federal Provincial Relations and Energy' respectively.

A general summary and closing comments were provided by Professor A. Michael Spence, Department of Economics and Harvard Business School, Harvard University.

Developments Abroad and the Domestic Economy

On 3 and 4 June, 1980, the Council sponsored a special conference dealing with the problems of adjusting the domestic economy to developments in the international economy, at the Four Seasons Hotel in Toronto. Professor Thomas A. Wilson of the Department of Political Economy, University of Toronto, provided an overview of the issues to be discussed at the conference in his opening remarks.

Papers on many important aspects of the problem of adjustment were prepared and presented by Professor Douglas G. Hartle, University of Toronto; Professors Douglas Purvis and Frank Flatters, Queen's University; Professors John Whalley and Ronald Wonnacott, University of Western Ontario; and Professor John Helliwell, University of British Columbia. A background paper for the conference entitled 'Canada in the North Ameri-

can Trading Economy' was prepared by Mr. Rodney Grey, Ontario Special Advisor on GATT.

The Honourable Larry Grossman, Q.C., Minister of Industry and Tourism for Ontario delivered the luncheon address entitled 'Interprovincial Barriers to Trade and the Need for a Canadian Common Market.'

Professor A. Michael Spence, Department of Economics and Harvard Business School, Harvard University, provided a general summary of the conference proceedings and the closing remarks.

Meetings of the Council

In 1978-9 the Council met five times, as required under The Ontario Economic Council Act, on 1 May, 19 June, and 25 November 1978, 15 February and 8 March 1979.

In 1979-80 the Council met on 1 April, 28 June, 27 July, 3 October 1979, 21 February and 6 March 1980.

Council Committees

The activities of Council are organized under two committees and four sub-committees. This structure makes it feasible for Council members to participate at some depth in the administration of the Council and the research program. Each Council member is on at least one such committee, with one of them serving as chairman and a staff member serving as secretary. The Council Chairman and the Research Director and Executive Secretary are ex officio members. These committees are responsible for advising the full Council on the priorities within their respective areas. Apart from these duties, committee members participate in policy seminars, conferences, and other activities aimed at applying the basic knowledge derived from the research program to public policy issues of current importance. The composition of these committees is as follows:

COUNCIL AFFAIRS

(Management Committee) (6)

Ms. J.H. Bennett, Chairperson
Mr. T.E. Kierans
Mr. R. Korthals
Professor S.A. Martin
Mr. B. Rubess
Dr. D.C. Smith

RESEARCH POLICY COMMITTEE (9)

Dr. D.C. Smith, Chairman
Mr. T.E. Kierans
Ms. J.H. Bennett
Dr. E.P. Bond
Dr. G.C.A. Cook
Professor S.A. Martin
Mr. C. Pilkey
Professor A.E. Safarian
Professor D. Winch

SUB-COMMITTEES:

EMPLOYMENT POLICIES AND STRAINS ON SOCIAL SECURITY SYSTEM

Dr. E.P. Bond, Chairperson
Mr. E.L. Hollingsworth
Ms. J.C. McKibbin
Mr. Brady Reaume

MACROECONOMIC POLICY

Dr. G.C.A. Cook, Chairperson
Ms. J.H. Bennett
Professor S.A. Martin
Mr. D.J. Taylor

INTERGOVERNMENTAL RELATIONS AND PUBLIC POLICY DECISION-MAKING

Professor A.E. Safarian, Chairman
Mr. W.F. McCormick
Mr. J.A. Stewart
Mr. E.T. Williams

INVESTMENT PRODUCTIVITY AND INDUSTRIAL ADJUSTMENT

Professor D.M. Winch, Chairman
Mr. C.G. Pilkey, Deputy Chairman
Dr. W.L. Black
Mr. F.S. Cooke
Mr. W.A. Jones

Members of the Council

Members of the Ontario Economic Council are appointed by the Lieutenant Governor in Council for a period of up to three years. Members are eligible for reappointment.

Chairman

Thomas E. Kierans
Vice-Chairman,
McLeod Young Weir
Limited, Toronto

Jalynn H. Bennett*
Assistant Vice-President, Securities,
Manufacturers Life
Insurance Company
Toronto

Dr. W. Lyle Black**
Greig Medical Group,
Bracebridge

Dr. Elizabeth Parr Bond***
Consultant,
Economic Council of Canada

Dr. Gail C.A. Cook***
Senior Advisor
to the Chairman,
Economic Council
of Canada, Ottawa

F. Stewart Cooke***
International Representative,
United Steelworkers
of America, Toronto

E. Lynn Hollingsworth*
Vice-President,
Soo Mill & Lumber
Company Limited,
Sault Ste. Marie

William A. Jones***
Secretary-Treasurer,
Ontario Teachers'
Federation, Toronto

Robert W. Korthals***
Executive Vice-President
and Chief General Manager,
Toronto Dominion Bank,
Toronto

Samuel A. Martin**
Professor,
School of Business Administration,
University of Western Ontario,
London

William F. McCormick***
President,
Glen Highland Holdings Limited,
Cambridge

J. Clunas McKibbin*
Corporate Actuary,
London Life Insurance
Company, London

Clifford G. Pilkey**
President,
Ontario Federation
of Labour, Don Mills

Brady Reaume**
Publisher,
Tottenham News,
Tottenham

Bruno R. Rubess***
President,
Volkswagen Canada
Limited, Scarborough

Dr. A. Edward Safarian*
Professor of Political Economy,
Department of Political Economy,
University of Toronto,
Toronto

Dr. David C. Smith*
Head,
Department of Economics,
Queen's University,
Kingston

J. Andrew Stewart*
President,
J.A. Stewart Limited,
Ailsa Craig

Donald J. Taylor***
Sr. Vice-President and
Director, Shell Canada
Limited, Toronto

Edward T. Williams**
Business Agent, Local 524,
United Electrical Radio and
Machine Workers of America,
Peterborough

Dr. David M. Winch*
Department of Economics,
McMaster University,
Hamilton

* term expires 19 December, 1980

** term expires 19 December, 1981

*** term expires 19 December, 1982

The terms of Messrs. David B. Archer, H. Fraser Dougall and Roland G. Hill expired in December, 1978. Dr. Grant L. Reuber and Mr. J. Robert René de Cotret resigned during the year. The terms of Dr. Jane Banfield Haynes, and Messrs. J. Douglas Gibson, Lorne K. Lodge, John T. Pennachetti, William A. Vincer and John J. Stuart expired in December, 1979. The Council wishes to express its sincere gratitude for their dedicated and conscientious service.

Council Staff

The present management team consists of the Chairman (part-time), the Research Director and Executive Secretary, L. Tarshis (full-time) and the Administrative Officer, Ms. Sharon Ineson (full time).

Dr. Tarshis joined the Council in September, 1978 for a two-year period after retiring from the University of Toronto where he was professor of economics at Scarborough College.

As of 31 March, 1980 the Council research staff was composed of the following:

RESEARCH OFFICERS

A. Belessiotis
M. Mendelson
N.E. Slack
J.D. Todd

RESEARCH ASSISTANTS

D. Crocker
D. Jones
M. Jones

The Council wishes to acknowledge the contribution of the following:

D.A. Dawson, Research Director and Executive Secretary, who returned to McMaster University in September, 1978.

S. H. Gill, Research Officer, now with the Research Department of the New Democratic Party.

The Ontario Economic Council Act

R.S.O. 1970, Chapter 309

1.	In this Act, (a) "Council" means the Ontario Economic Council; (b) "Minister" means the member of the Executive Council designated by the Lieutenant Governor in Council to administer this Act. 1968, c. 82, s. 1.	Interpretation
2.	(1) The Ontario Economic Council is continued, consisting of not more than twenty-one members appointed by the Lieutenant Governor in Council, of whom one shall be designated as chairman. 1968, c. 82, s. 2(1), <i>amended</i> . (2) The Council may contract and may sue and be sued in its own name, and the members thereof are not personally liable upon any contract made by the Council. 1968, c. 82, s. 2(2).	Establishment Power to contract and sue
3.	(1) The chairman of the Council shall be appointed to hold office for a term of not more than five years. (2) Each of the members of the Council shall be appointed to hold office for a term of not more than three years, except that of those first appointed not less than one-third shall be appointed for a term of one year and not less than one-third shall be appointed for a term of three years.	Appointment, chairman Members
	(3) A retiring chairman or other member of the Council is eligible for reappointment to the Council in the same or another capacity. 1968, c. 82, s. 3.	Reappointments
4.	It is the duty of the Council to advise and make recommendations to the Executive Council or any member thereof on methods for, (a) encouraging the maximum development of the human and material resources of Ontario; (b) supporting the advancement of all sectors of Ontario; and (c) fostering conditions for the realization of higher standards of living for the people of Ontario. 1968, c. 82, s. 4.	Duties of Council
5.	The Council may, (a) conduct socio-economic studies, in any area considered by the Council to be of concern;	Further duties of Council

- (b) cause to be published such studies and reports as are prepared by or for the Council;
- (c) co-operate and maintain liaison with the Economic Council of Canada and bodies in other jurisdictions corresponding to the Council;
- (d) create an awareness and public understanding of provincial socio-economic issues by holding seminars and conferences;
- (e) create such committees as it considers desirable for the carrying out of its objectives; and
- (f) undertake such other duties as are assigned by the Lieutenant Governor in Council. 1968, c. 82, s. 5.

6. (1) The chairman of the Council shall receive such remuneration as the Lieutenant Governor in Council may determine.

Salaries:
chairman

(2) The Minister may designate a member of the Council to be the deputy chairman who shall act in the absence of the chairman and may be paid such *per diem* allowance as the Lieutenant Governor in Council may determine.

deputy
chairman

(3) Members of the Council, other than the chairman and deputy chairman, shall serve without remuneration but all members shall receive their reasonable travelling and living expenses while absent from their ordinary place of residence in the course of their duties under this Act.

members

(4) Notwithstanding subsection 3, a member of the Council, other than the chairman and deputy chairman, may for any period during which he performs, with the approval of the Council, any duties on behalf of the Council in addition to his ordinary duties as a member thereof, be paid such remuneration therefor as the Lieutenant Governor in Council may determine.

Remuneration
for additional
duties

(5) Such officers and employees as are necessary for the proper conduct of the work of the Council may be appointed under *The Public Service Act*. 1968, c. 82, s. 6.

Staff
R.S.O. 1970,
c. 386

7. (1) The Council shall meet at least five times a year at the discretion of the chairman.

Meetings

(2) A majority of the members constitutes a quorum of the Council. 1968, c. 82, s. 7.

Quorum

8. The expenses of the Council in carrying out its objectives shall be paid out of the moneys appropriated therefor by the Legislature. 1968, c. 82, s. 8.

Expenses of
Council

Publications

ANNUAL REPORTS

Annual Report, 1974-1975

Annual Report, 1975-1976

Annual Report, 1976-1977

Annual Report, 1977-1978

Annual Report, 1978-1980

ISSUES AND ALTERNATIVES

1976 Series

Education

Social Security

†*Health*

†*Housing*

National Independence

Northern Ontario Development

1977 Series

The Ontario Economy to 1987, including the supporting research study,

The Ontario Economy 1977-1987

The Process of Public Decision-Making

Intergovernmental Relations

1978 Series

Business Investment

Government Regulation

The Ontario Economy 1978-1987

1979 Series

Issues and Alternatives: Update 1979

1980 Series

Policies for Ontario's Energy Problem

SPECIAL RESEARCH REPORTS

Energy Policies for the 1980's: an economic analysis (2 volumes)

Developments Abroad and the Domestic Economy (2 volumes)

RESEARCH STUDIES

Economic Analysis of Environmental Policies by D.N. Dewees, C.K. Everson and W.A. Sims, 1976.

Property Crime in Canada: an econometric study by Kenneth L. Avio and C. Scott Clark, 1976.

Tariff and Science Policies: applications of a model of nationalism by D.J. Daly and S. Globerman, 1976.

The Effects of Energy Price Changes on Commodity Prices, Interprovincial Trade, and Employment by J.R. Melvin, 1976.

A Theory of the Expenditure Budgetary Process by D.G. Hartle, 1976.

Resources, Tariffs and Trade: Ontario's Stake by J.R. Williams, 1976.

Transportation Rates and Economic Development in Northern Ontario by N.C. Bonsor, 1977.

Government Support of Scientific Research and Development: an economic analysis by D.G. McFetridge.

Public and Private Pensions in Canada: an economic analysis by J.E. Pesando and S.A. Rea, jr.

Speculation and Monopoly in Urban Development: analytical foundations with evidence for Toronto by J.R. Markusen and D.T. Scheffman.

Day Care and Public Policy in Ontario by M. Krashinsky.

Provincial Public Finance in Ontario: an empirical analysis of the last twenty-five years by D.K. Foot.

Extending Canadian Health Insurance: options for pharmacare and denticare by R.G. Evans and M.F. Williamson.

Measuring Health: lessons for Ontario by A.J. Culyer.

Residential Property Tax Relief in Ontario by R.M. Bird and N.E. Slack.

Fiscal Transfer Pricing in Multinational Corporations by G.D. Quirin and G.F. Mathewson.

Housing Programs and Income Distribution in Ontario by G.B. Fallis.

Economic Analysis of Provincial Land Use Policies in Ontario by M.W. Frankena and D.T. Scheffman.

Opting-Out of Medicare: private medical markets within the Ontario program by A.D. Wolfson and C.J. Tuohy.

Youth Unemployment and Labour Force Behaviour by F.T. Denton, A.L. Robb and B.G. Spencer.

FORTHCOMING

Community Health Centres and Hospital Costs in Ontario by M.L. Barer, December 1980.

Distribution of Income and Wealth: theory and evidence for Ontario by C.M. Beach, December 1980.

OCCASIONAL PAPERS

Basic Skills at School and Work: the study of Albertain, an Ontario community by O. Hall and R.A. Carlton.

Prospects for Preventive Medicine: a catalogue by R.W. Morgan.

Input-Output Analyses of Fiscal Policy in Ontario by R.W. Boadway, A.A. Kubursi, and J.M. Treddenick, edited by J. Bossons.

Educational Problems in Ontario and Some Policy Options by J.A. Buttrick.

The Market for New Housing in the Metropolitan Toronto Area by R.A. Muller.

The Income Distribution Effect of Medical Insurance in Ontario by P. Manga.

Who Benefits from the Ontario University System: a benefit-cost analysis by income groups by O. Mehmet.

Financial Markets and Foreign Ownership by J.C. Pattison.

The Administrative Cost of Income Security Programs: Ontario and Canada by M. Mendelson.

Controlling Health Care Costs by Direct Charges to Patients: Snare or Delusion? by M.L. Barer, R.G. Evans and G.L. Stoddart.

DISCUSSION PAPERS

An Economic Analysis of the Hall Commission Report by A. Abouchar.

Emerging Problems in Post-Secondary Education.

The Northern Dilemma: public policy and post-secondary education in northern Ontario by D.M. Cameron.

†*The Pension Fund Debate* by R.M. MacIntosh and J.F. Chalcraft.

†*Issues in Intergovernmental Relations*

Reforming Planning in Ontario: strengthening the municipal role by J. Bossons.

Public Policy and Future Population in Ontario by D.K. Foot.

The Elimination of Mandatory Retirement: an economic perspective by J.E. Pesando.

Current Issues in Political Economy by Arthur M. Okun and Robert Solomon.

Class Actions as a Regulatory Instrument by D.N. Dewees.

Ten Markets or One? Regional Barriers to Economic Activity in Canada by A.E. Safarian.

Nuclear Power at Ontario Hydro: a case study of technological innovation by F. Tapon and T.J. Osborne.

FORTHCOMING

Emerging Issues and Alternatives in Skilled Manpower Training, January 1981.

WORKING PAPERS

Some Preliminary Evidence on Family Income Concentration in Ontario by Harry M. Kitchen, June 1975 (1/75).

A Cross-Sectional Analysis of Canadian Public Attitudes toward U.S. Equity Investment in Canada by J. Alex Murray and Lawrence LeDuc, June 1975 (2/75).

† *A Research Agenda in Health Care Economics* by R.D. Fraser, October 1975 (3/75).

† *Student Loans: A reappraisal, with Special Reference to Ontario's and Canada's Changing Needs in Educational Finance* by E.G. West, December 1975 (4/75).

Labour Market and Other Implications of Immigration Policy for Ontario by William L. Marr, November 1976 (1/76).

† *Exploitation of Ontario Mineral Resources: an economic policy analysis* by J. Clark Leith, December 1976 (2/76).

Who Goes to University from Toronto by J.A. Buttrick, February 1977 (1/77).

Fiscal Knowledge and Preferences in Ontario by D.A.L. Auld, March 1977 (2/77).

GENERAL STUDIES

† *Information: A Critical Component for better Government*. Report of the Task Force on Local and Regional Government Data, May 1975.

The foregoing publications are available from the Publications Centre, 880 Bay Street, Toronto, Ontario, M7A 1N8, except for the Working Papers, which are available from the Ontario Economic Council, 81 Wellesley Street East, Toronto, Ontario, M4Y 1H6. The Research Studies are also available from the University of Toronto Press, 5201 Dufferin Street, Downsview, Ontario, M3H 5T8.

†out of print

Research Projects in Progress and Expected Publication Dates

Education and Manpower

Wage Determination in the Ontario Public Sector: 1966-1977 by D.A.L. Auld and D.A. Wilton, December 1980.

An Econometric Model of the Ontario Labour Market by A. Belessiotis, March 1981.

The Extent of Cost of Strikes in Canadian Manufacturing by M.W. Reder and G.R. Neumann, April 1981.

Manpower Policy in Ontario by D.A. Dawson, F.T. Denton, A.L. Robb and B.G. Spencer, February 1982.

An Economic Analysis of Labour Market Shortages: the case for tool and die makers in Ontario by N.M. Meltz, October 1980.

Health

Future Elderly Ontarians: can we afford them? by M.J. Gross and C.W. Schwenger, April 1981.

A Benefit Incidence Analysis of the Hospital Insurance Program in Ontario by P. Manga and M.L. Barer, July 1981.

Social Security

Disability Insurance: an economic analysis by S.A. Rea, jr., May 1981.

User Charges in the Social Services by M. Krashinsky, April 1981.

Urban Affairs

Municipal Fiscal Reform in Ontario by J. Bossons, M. Denny and N.E. Slack, April 1981.

Urban Transportation Financing in Ontario by M.W. Frankena, July 1981.

Rent Control and Options for Decontrol by R. Arnott, August 1981.

The Impact of Rising Energy Costs on Urban Structure by J.R. Melvin and D.T. Scheffman, July 1982.

An Economic Analysis of Housing Allowances by M. Steele, March 1983.

Government Regulations

Crown Corporations in Ontario (a study in three parts), September 1981.

Part 1: A Positive Theory of Public Enterprise by T.E. Borchering.

Part 2: Crown Corporations: issues of institutional design and accountability by M.J. Trebilcock and J.R.S. Prichard.

Part 3: Organizational Goals and Performance in Public Enterprise: a case study of Gray Coach Limited by J.P. Palmer and J.J. Quinn.

An Economic Analysis of Social Regulation in Ontario by E. Appelbaum and D.T. Scheffman, July 1981.

Municipal Licensing: regulation in search of a rationale by J. Bossons and S.M. Makuch, August 1981.

Market Failure and Life Insurance by G.F. Mathewson, June 1981.

Pricing of Brokerage Services in a Regulated Market by J.D. Todd, January 1981.

Municipal Transportation Regulation by J.P. Palmer, July 1980.

Industrial Structure, Regulation, and the Rate of Innovation by Y. Kotowitz, June 1981.

Resource Taxation as a Regulatory Instrument by M. Chandler and J.D. Todd, January 1981.

Macroeconomic Policy

Trade Union Membership in Canada: an empirical analysis by regions by A. Belessiotis, November 1980.

Real Wages and Employment in Canadian Manufacturing: a time series analysis by J. Kennan, May 1981.

Two-Sector Models of Inflation and Recession: a theory and some empirical tests by J.B. Burbidge and A.V. Harrison, April 1981.

General

Industrial Location and Trade in Ontario by J.R. Williams, May 1981.

